



STEVE COOLEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

18000 CRIMINAL COURTS BUILDING 210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

March 16, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 11th YEAR GRANT FUNDS
FROM THE STATE OF CALIFORNIA, DEPARTMENT OF INSURANCE,
(SCDI), FOR THE AUTOMOBILE INSURANCE FRAUD (AIF) PROGRAM
FOR FISCAL YEAR 2003-04 (ALL DISTRICTS) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the AIF Program from SCDI. Funds in the amount of \$3,212,482 will be provided by SCDI for the period of July 1, 2003 through June 30, 2004 to fully offset program costs.
2. Authorize the District Attorney to execute the Grant Award Agreement on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the Grant Award Agreement that do not affect the net County cost of the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On August 30, 2003, the District Attorney submitted an application to SCDI to continue funding for the AIF Program in FY 2003-04. An approved Grant Award Agreement was received on February 19, 2004 in the amount of \$3,212,482. The SCDI has awarded funding for the AIF Program for the past ten years. The grant will allow the District Attorney to enhance prosecutorial efforts in ongoing crime investigations and the prosecution of automobile insurance fraud activity in Los Angeles County.

As part of the Grant Award Agreement, SCDI requires the adoption of the enclosed resolution, which has been approved as to form by County Counsel.

Implementation of Strategic Plan Goals

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing an available revenue source at the State level. This program directly supports the District Attorney's core mission of vigorously prosecuting felony crime, such as automobile insurance fraud, throughout the County.

FISCAL IMPACT/FINANCING

Grant funds in the amount of \$3,212,482 have been awarded to the Los Angeles County District Attorney for the AIF Program from SCDI which will offset 100 percent of the program cost. Funding for this program was included in the department's 2003-04 budget.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of Section 1872.8 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute certain funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent automobile insurance claims.

The District Attorney's caseload for this program is generated from both the private and public sectors. Referrals are also directly received through an intake process: letters, telephone calls and meetings with members of the public, private sector, and law enforcement. Once a case is received from law enforcement agencies, a prosecutor is assigned to coordinate further investigation and prosecution. Referrals from other sources are assigned to a District Attorney Investigator (DAI). As needed, Deputy District Attorneys are assigned to assist DAI's with ongoing investigations. All available laws are

utilized to combat significant targets such as attorneys, doctors and management companies involved in organized efforts to create fraudulent auto insurance claims. In addition, the District Attorney's Office continues to assume a prominent role in the drafting and analysis of proposed legislation to clarify existing laws, increase penalties for crimes relating to insurance fraud and to expand the criminal liability of those committing insurance fraud. The department also employs the latest technology to fight fraud, including state of the art surveillance equipment, extensive computer support for staff, and access to numerous nationwide sources of information.

In FY2002-03 there were 52 investigations initiated, this is a decrease of 42% from the previous year's number of 90; however, there was a 45% increase in the number of defendants charged from 64 to 93; 70 arrests were made which is a 15% increase from 61; and the number of defendants convicted increased by 25% from 61 to 76.

Estimated program goals for FY2003-04 include initiating 20 to 50 new investigations, and 50-80 new prosecutions.

The grant will continue to fund 23 full-time positions as reported on the attached Grant Management Statement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

CONCLUSION

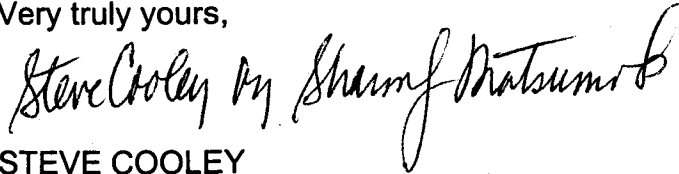
Acceptance of continuing grant funds is strongly recommended.

Following Board approval on this program, the Executive Officer-Clerk of the Board is requested to return a copy of the adopted Board letter and two (2) copies of the executed

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Resolution, containing original signatures, to Emily Aidells, Contracts and Grants Unit,
Los Angeles County District Attorney's Office, 201 North Figueroa Street, Suite 1300, Los
Angeles, California 90012. Any questions may be directed to Ms. Aidells at
(213) 202-7674.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Steve Cooley by Sharmel Matsumoto".

STEVE COOLEY
District Attorney

mmb

Enclosures

c: Chief Administrative Officer
County Counsel

Los Angeles County Chief Administrative Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description

Auto Insurance Fraud Program

The focus of this program is to enhance prosecutorial efforts and criminal investigations of automobile insurance fraud activity in Los Angeles County. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (SCDI) to investigate and prosecute unscrupulous doctors, chiropractors, and lawyers engaged in automobile insurance fraud.

Funding Agency
California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code Section 1872.8

Grant Acceptance Deadline

Total Amount of Grant Funding: \$3,212,482

County Match: \$0

Grant Period: FY2003-2004 **Begin Date:** July 1, 2003

End Date: June 30, 2004

Number of Personnel Hired Under This Grant: 23

Full Time: 23 **Part Time:** 0

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☐

b). Identify other revenue sources Yes ☐ No ☐
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature

Steve Cooley by Shari Matsumoto

Date

2/26/04

1 **BOARD OF SUPERVISORS**
2 **COUNTY OF LOS ANGELES**

3 **RESOLUTION**

4 Authorization to Accept a Grant Award from the

5 State of California, Department of Insurance

6 Pursuant to California Insurance Code

7 Chapter 12 commencing with Section 1871, et seq.

8 **WHEREAS**, the provisions of Section 1872.8 of the California
9 Insurance Code authorize the State Department of Insurance to award and
10 distribute certain funds to district attorneys submitting plans approved by the
11 Bureau of Fraudulent Claims for the increased investigation and prosecution of
12 fraudulent automobile claims; and the District Attorney is charged with providing
13 prosecution of all felony offenses committed within this County; and

14 **WHEREAS**, the Board of Supervisors of Los Angeles County recognizes
15 that between 25-50 percent of every automobile insurance dollar collected from
16 County citizens is spent for the payment of fraudulent claims, annually amounting to
17 hundreds of millions of dollars; and

18 **WHEREAS**, the County of Los Angeles, acting through its Board of
19 Supervisors, desires to combat automobile insurance fraud by undertaking a
20 certain project designated the "Automobile Insurance Fraud Program" by the
21 District Attorney to be funded through funds made available by the Insurance
22 Fraud Prevention Act as provided for pursuant to California Insurance Code
23 1872.8, administered by the California Department of Insurance; and

24 **WHEREAS**, the State of California Department of Insurance approved
25 the fraud reduction plan submitted by the Los Angeles County District Attorney's Office
26 for Fiscal Year 2003-2004 for the Automobile Insurance Fraud Program for this
specific task;

1 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of
2 the County of Los Angeles hereby authorizes and approves acceptance of grant funds
3 from the State of California, Department of Insurance, to be used exclusively for the
4 program designated the "Automobile Insurance Fraud Program" for the period
5 covering July 1, 2003 to June 30, 2004;

6 **BE IT FURTHER RESOLVED** that the County of Los Angeles
7 hereby authorizes the District Attorney, or his designee, to serve as Project
8 Director and to perform all further tasks necessary for the completion of the
9 project, including any extensions, execution and submission of amendments,
10 progress reports, and payment requests relating to the Grant Award Agreement;

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1 **I DO HEREBY CERTIFY** that at a regular meeting of the Board of
2 Supervisors of the County of Los Angeles, on the _____ day of
3 _____, 2004, the forgoing Resolution was adopted.

4 **IN WITNESS WHEREOF**, I have hereunto set my hand and affixed
5 the seal of the Board of Supervisors of the County of Los Angeles this _____
6 day of _____, 2004.

7
8 VIOLET VARONA-LUKENS,
9 Executive Officer- Clerk of the
10 Board of Supervisors of the
County of Los Angeles

11 By _____
Deputy

12 APPROVED AS TO FORM
13 BY COUNTY COUNSEL:

14 LLOYD W. PELLMAN

15 By


Deputy